

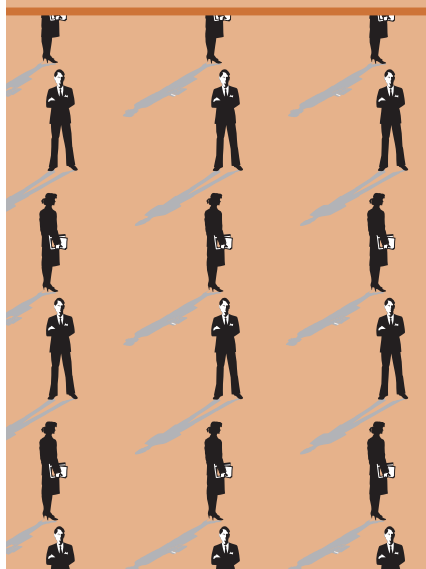
Job-Training Programs Retooled

New Workforce Investment Act More Flexible, Streamlined System; Law Reflects Priorities of Business, Local Communities

First of Two Parts

At the height of "scandal mania" in Washington D.C. last August — when both major parties were trying to "out-spin" the other — one of the most important pieces of employment and training legislation in several decades was passed by Congress and signed by President Clinton. And the legislation received broad bipartisan support — with liberals and conservatives forgetting some of their bitter battles to forge an agreement.

WORKFORCE INVESTMENT ACT



It wasn't easy, however. It took five years of haggling and compromise among public- and private-interest groups, as well as lawmakers trying to decide how to rewrite federal statutes

governing job training, adult education, and youth programs into a more flexible and manageable system.

The result: The Workforce Investment Act of 1998, "which provides the framework for a national workforce preparation and employment system designed to meet both the needs of the nation's businesses and job seekers and those who want to further their careers," said a report from the U.S. Department of Labor's Employment and Training Administration (ETA).¹

"The most important aspect of the WIA is its focus on meeting the needs of businesses for skilled workers and the training, education, and employment needs of individuals," ETA said.² "The aim is to harness market forces — by giving workers more choice and information — to encourage competition among training providers and improve the programs," said a *Wall Street Journal* article.³

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Implementation Schedule for Workforce Investment Act

September 1998	Open website/FEDERAL REGISTER Notice; engage stakeholders in identifying issues; publish white paper: Goals and Principles
October 1998	Begin consultation on planning/program/policy guidance; regions and states identify closeout issues.
November 1998	Publish planning guidance.
December 1998	Begin technical assistance for "early states."
February 1, 1999	Publish interim Final Regulations.

(continued on page 8)

The new law also makes changes to the current funding streams, target populations, system of delivery, accountability, long-term planning, labor market information (LMI) system, and governance structure. It also provides a large amount of flexibility to states in how they design their programs. And it comes at a time when states (including Arizona) say that economic growth has been stymied because of a claimed shortage of workers.

This article is the first of a two-part series on the Workforce Investment Act. In the Winter 1998-'99 issue, AET will look at how the legislation will affect state programs, along with the implementation of a new statewide workforce development plan.

"In a dynamic economy, where technological changes and market shifts are forcing layoffs of some people even as other jobs are being created, the key is to equip workers with needed skills — and then link them efficiently to the vacancies," said *The Washington Post*.⁴

While earlier versions of WIA sought to consolidate many of the federal workforce programs — there are 34 federal and state programs in Arizona — the final legislation, in reality, only improved the coordination of the programs, according to a report from the National Governors' Association (NGA).⁵

"For the most part, the legislation maintains silos around individual programs, keeping them separate; the only major funded programs that were consolidated are the summer

"For the first time in the federal training program, states will be measured against statewide results. States that improve their results over the previous year will be eligible for special incentive grants ... States that fail to improve ... can be 'fined' up to 5 percent of the annual grant for the program responsible for the failure. ... Local area programs also may be sanctioned for poor performance by reorganization, replacement of the board, or other penalties."

Legisline, National Governor's Association

and year-round youth programs now operated under the Job Training Partnership Act (JTPA)," said an analysis in the NGA's *Legisline* report. "But a major emphasis is to strengthen links — that is, improve coordination — between the workforce investment system and the adult education, literacy, and vocational rehabilitation program reauthorized in the bill and the vocational educational programs addressed in separate legislation (H.R. 1853)."⁶

WIA provides those links through several new measures in Title I of the law. These include:

- creating state and local workforce boards to design and coordinate the state's workforce and investment system at the local level — where the needs of businesses and individuals

are best understood;

- giving business an active role in ensuring that the system prepares people for current and future jobs. This will be done by giving business a majority of seats on a state workforce board that will include and be appointed by the governor; the board (which in Arizona will be The Office of Workforce Development Policy) will also include representatives of 14 programs in education, public assistance, employment security, and job training, along with elected officials, economic development officials, members of labor unions, and the general public;

- utilizing a state's existing "One-Stop Career System," which is designed to provide customers convenient access to employment, education, training, and information services at a single, neighborhood location;

- letting customers have choices in deciding the training program that best fits their needs and the organizations that will provide that service; and by giving customers information on how well training providers have succeeded in preparing people for jobs.

- providing shared accountability, by setting performance standards at the state and local level. Performance measures and levels will be proposed by states and negotiated with federal agencies to specify the results expected, while local officials will set similar measures and levels with the state.

A second major emphasis of the legislation, according to the NGA, "is its 'work first' approach — using the labor market to evaluate the pool of workers seeking employment and training assistance." "While any individual is eligible for initial core services at a one-stop facility, those who fail to find work after receiving core services will be the first to be eligible for 'intensive services' to help prepare for work or career choice. Then, those who fail to find work after intensive services will be the

first to be eligible for vouchers to pay for their training.”⁷

Another major priority of WIA is the customer choice of quality services. “Each state must establish a program for screening training providers, both public and private, on the basis of the results they can document each year from satisfied customers,” NGA said. Then, “detailed information” — including completion rates, number placed and their earnings — on providers must be displayed at One-Stop Centers, so that clients receiving vouchers to pay for training, “can make informed choices.”⁸

And finally among major new provisions in the legislation, “rewards and sanctions will be among the incentives for high performance at all levels,” *Legisline* said. “For the first time in the federal training program, states will be measured against statewide results. States that improve their results over the previous year will be eligible for special incentive grants from the Labor Department. States that fail to improve can get technical assistance for one year, and if failure continues for a second year, can be ‘fined’ up to 5 percent of the annual grant for the program responsible for the failure. Local area programs also may be sanctioned for poor performance by reorganization, replacement of the board, or other penalties. Incentive payments to local programs is an option for states.”⁹

Title I also establishes state workforce investment boards that will develop five-year strategic plans. In conjunction with this, governors will designate local “workforce investment areas” and oversee the local workforce investment boards. In addition, new “youth councils” will be set up as a subgroup of the local board to guide the development and operation of programs for youth.

Also authorized in Title I of the bill are a number of national programs — the Job Corps; Native American programs; Migrant and Seasonal Farm-

Table 1

How Workforce Investment Act Changes Job Training System

Empowers Individuals:	Through “Individual Training Accounts” (or skills grants), performance reports to inform consumers, and universal access to core services (e.g., job-search help)
Individual Training Account:	Allows adults to have more control and choice over their training or retraining. Customer-driven system replaces the decades-old tradition of making job training decisions for adults through bureaucratic systems.
Performance Reports:	Helps workers make informed consumer choices. WIA requires that training providers report performance of their “graduates” in terms of job placement, earnings, and job retention.
Universal Access to Core Services:	Core services — such as job search and placement assistance, career counseling, labor market information identifying job vacancies, skills necessary for occupations in demand, an initial assessment of skills and needs, and follow-up services to assist in job retention — would be available on universal basis with no eligibility requirement (provided state funds available)
Streamlines Job Training:	Coordinates tangle of individual programs run by the federal government by using three separate grants (run by states with federal input), and utilizing a nationwide network of One-Stop Career Centers
Nationwide Network of One-Stop Career Centers:	Centers consolidate multiple training and employment programs at the “street level.” WIA requires each local area (see definition of “local area” in article) have at least one One-Stop Center that includes job training, employment service activities, unemployment insurance, vocational rehabilitation, adult education, and other assistance.
Enhances Accountability:	Through tough performance standards for states, localities, and training providers; and by requiring training providers to be certified under Higher Education Act, National Apprenticeship Act, or a state-prescribed procedure.
Create Jobs and Opportunity:	Authorizes \$1.25 billion over five years in Youth Opportunity Grants to direct resources to high-poverty areas, including Empowerment Zones and Enterprise Communities.
Simpler System for Waivers:	Provides Secretary of Labor permanent authority to waive rules in exchange for performance improvements, thereby allowing states and local areas to implement innovative, new job-training programs. Also, WIA expands the Work-Flex authority for the provision of workforce training and employment activities.

Source: Interstate Conference of Employment Security Agencies, August 1998.

worker programs; Veterans' Workforce Investment programs; Youth Opportunity grants for high-poverty areas; technical-assistance efforts to states and local areas; demonstration, pilot, and other special national projects; program evaluations; and national emergency grants.

Title II of WIA reauthorizes Adult Education and Literacy programs for Fiscal Years 1999-2003. Title III amends the Wagner-Peyser Act to require that Employment Service/Job Service activities become part of the "One-Stop" system and establishes a national employment statistics initiative. Title IV reauthorizes Rehabilitation Act programs through Fiscal Year 2003 and links these programs to state and local workforce development systems. And Title V contains general provisions that include authority for state unified plans relating to several workforce development programs, incentive grants for states exceeding negotiated performance levels under the WIA, Adult Education Act, and Perkins Vocational Education Act, and transition provisions.

A Customer-Focused System

Key components of the new act will enable customers to easily access the information and services they need through the "One-Stop Career-Center" system; empower adults to obtain the training they find most appropriate through Individual Training Accounts, and ensure that all state and local programs meet customer expectations.

The new system will be based on the "One-Stop" concept where information about and access to a wide array of job training, education, and employment services is available for customers at a single neighborhood location. Each local area will establish a "One-Stop" delivery system through which core services are provided and through which access is provided to other employment and training services funded under the act and other federal programs. There will be at least one center in

Figure 1

One-Stop Centers are a Major Focus of the Workforce Investment Act. One Key Feature of the Centers, Such as the Mesa Facility (below), is Internet Access.



each local area, which may be supplemented by networks of affiliated sites. (To date, more than 95 percent of the states are building One-Stop Centers, and more than 800 centers are operating across the country. As of October, Arizona had 25 full-service One-Stop Centers, with at least one in every county but Santa Cruz.)

At the centers, job seekers will be able to:

- receive a preliminary assessment of their skill levels, aptitudes, abilities, and support-service needs.
- obtain information on a full array of employment-related services, including information about local education and training service providers.
- receive help filing claims for unemployment insurance and evaluating eligibility for job-training and education programs or student financial aid.
- obtain job-search and placement assistance, and career counseling.

- have access to up-to-date labor market information which identifies job vacancies, skills necessary for in-demand jobs, and data about local, regional, and national employment trends.

Adults and Dislocated Workers

Funds allocated to local areas under the adult and dislocated worker funding streams are to be used at the local level to provide "core" services through the One-Stop system, as well as to provide intensive and training services for program participants. Core services funded by the adult stream would be available on a universal basis with no eligibility requirement. Funds for dislocated workers would be used exclusively for services to such workers.

Core services include: job search and placement assistance, including career counseling; labor market information identifying job vacancies, skills necessary for occupations in demand, and relevant employment

WORKFORCE INVESTMENT ACT

Table 2

Key Features of the Workforce Investment Act as Compared to Current Law

Element	Current Law (JTPA)	Workforce Investment Act
Structure:	Separate funding streams and authorizing legislation for JTPA, Wagner Peyser, vocational education, adult education, and vocational rehabilitation.	Bill organized into five titles: (1) job training; (2) Adult Education; (3) amendments to Wagner-Peyser and related Acts; (4) amendments to the Vocational Rehabilitation Act; and (5) general provision. Does not include vocational education, which is addressed in separate legislation.
Funding Streams:	JTPA: separate funding streams for disadvantaged adults, dislocated workers, disadvantaged youth, and summer youth.	Maintains separate funding streams for adults, dislocated workers, and youth.
Target Populations:	<p><u>Economically Disadvantaged Adults</u> — Must be age 22 or older, economically disadvantaged (10% window for nondisadvantaged if they have serious barriers to employment). 65% must be “hard-to-serve” in identified categories.</p> <p><u>Dislocated Workers</u> — Eligible dislocated workers defined to include four categories.</p> <p><u>Youth</u> — Defined to include ages 16-21, plan may include 14 and 15. In year-round program, must be economically disadvantaged (10% window for non-disadvantaged if they have serious barriers to employment). 65% must be “hard-to-serve” in identified categories. At least 50% must be out-of-school youth. In summer jobs program, must be economically disadvantaged.</p>	<p><u>Adults</u> — Eligibility for core services open to all adults ages 18 and older. Priority for intensive and training services must be given to recipients of public assistance and other low-income individuals.</p> <p><u>Dislocated Workers</u> — Excludes long-term unemployed from definition of dislocated worker, and adds displaced homemakers.</p> <p><u>Youth</u> — Youth must be ages 14- 21, low income, and meet at least one of six specified barriers to employment. Five percent window for non-low-income youth if they experience one or more specified barriers to school completion or employment. In addition, at least 30% of funds must be expended on out-of-school youth.</p>
One-Stop Service Delivery	One-Stop implementation grants are currently awarded with Wagner-Peyser funds, but there are no statutory requirements to provide services through the One-Stop system.	Establishes the One-Stop delivery system as the access point for employment-related and training services. All core services must be available at at least one physical site which may be supplemented by multiple additional sites and technological networks. Specifies designated One-Stop partners that are to provide core services through the One-Stop, including programs authorized under this act, Wagner-Peyser, Welfare-to-Work, vocational-rehabilitation, etc. Local board selects operator of a One-Stop Center through a competitive process or may designate a consortia of not less than three partners to operate a center.

WORKFORCE INVESTMENT ACT

Table 2 (Cont.)

Key Features of the Workforce Investment Act as Compared to Current Law

Element	Current Law (JTPA)	Workforce Investment Act
Youth Services:	Requires individual assessment of skill levels and service needs; service strategy; availability of basic skills, occupational skills, and work maturity skills training; work experience and supportive services; and authorizes an array of training and training-related services.	Retains requirement for assessment service strategy; adds as required elements: preparation for postsecondary educational opportunities or unsubsidized employment (as appropriate); strong linkages between academic and occupational learning; and effective connections to intermediaries with strong links to the job market and employers. Other required elements of youth programs include: tutoring, study skills training and instruction leading to completion of secondary school, including dropout prevention; alternative school services; adult mentoring; paid and unpaid work experiences, occupational skills; training; follow-up services for not less than 12 months; comprehensive guidance and counseling.
Summer Jobs:	The summer jobs program is specifically authorized under Title II B of JTPA.	Includes summer jobs as a required component of the youth program, but no separate appropriations are authorized for the program.
Adult and Dislocated Workers Services:	Title II prohibits stand-alone employment services (e.g., job-search assistance). Title III authorizes readjustment and retraining services.	Funds will be used at the local level to pay for core services through the One-Stop system, as well as for intensive and training services for program participants. Core services funded by the adult stream would be available on a universal basis with no eligibility requirement. Funds for dislocated workers would be used exclusively for services to dislocated workers. Intensive services (e.g., counseling and prevocational services) available for unemployed individuals who have been unable to obtain jobs thru core services and those who are employed but need additional services to reach self-sufficiency.
Accountability:	Performance standards applicable to local areas are established by the Secretary which is to include factors identified in the law. States adjust the standards based on economic, demographic, and other factors within parameters established by the Secretary of Labor. States may award incentive funds or impose sanctions based on local performance.	Establishes indicators of performance for all adult, dislocated worker, and youth programs to be applied to states as well as local areas. There are four core indicators relating to adult, dislocated-worker programs, and youth ages 19-21 (i.e., placement, retention, and earnings, and skill attainment), and three core indicators relating to the youth ages 14-18 (i.e., basic skills attainment and as appropriate occupational skills; high school diplomas; and placement and retention in postsecondary education, advanced training, or employment).

WORKFORCE INVESTMENT ACT

Table 2 (Cont.)

Key Features of the Workforce Investment Act as Compared to Current Law

Element	Current Law (JTPA)	Workforce Investment Act
Governance/Local	<p>JTPA is administered on the local level by Private Industry Councils (PICs) in partnership with local elected officials (LEO).</p> <p>Members of PICs are appointed by LEO.</p> <p>Composition of PICs: majority to be representatives of business; not less than 15% representatives of organized labor and community-based organizations; and representatives for five other specified public agencies (e.g., ES, Vocational Rehabilitation, public assistance, and economic development).</p>	<p>Local Workforce Investment Boards in partnership with local elected officials, are responsible for planning and overseeing the local program. The board is responsible for developing the local plan to be submitted to the governor for approval, designating local One-Stop operators, designating eligible providers of training services, negotiating local performance measures, and assisting in developing an employment statistics system. In addition, a youth council is to be established in each local area as a subgroup of the local boards. The youth council develops portions of the local plan relating to youth, recommends providers of youth activities to be awarded grants by the local board, and coordinates youth activities in the local area.</p> <p>Members of Workforce Investment Boards are appointed by LEO in accordance with criteria established by governor.</p> <p>Composition of Workforce Investment Boards: Boards must have a majority of business representatives, and include representatives of education providers, labor organizations, community-based organizations (including those representing the disabled and veterans), economic development agencies, and each of the One-Stop partners (i.e., programs participating in the One-Stop system). It may include other representatives the local elected official determines are appropriate.</p>
Labor Market Information:	<p>JTPA Title IV-E requires the Secretary of Labor to maintain a comprehensive labor market/occupational information system. Governors must designate the State Occupational Information Coordinating Committee (SOICC) or other entity to oversee and manage a statewide comprehensive labor market and occupational supply and demand information system that meets BLS standards. Secretary of Labor to reimburse States through National Occupational Information Coordinating Committee (NOICC).</p>	<p>A national employment statistics system is established, which is to be planned, administered, overseen, and evaluated through a cooperative governance structure involving the Department of Labor and the states. Requires the Secretary of Labor, through the Bureau of Labor Statistics, and in cooperation with the states, to prepare an annual plan to manage the nationwide system.</p>

Source: Interstate Conference of Employment Security Agencies, August 1998

trends in the local, regional and national economies; initial assessment of skills and needs; provision of information on available services and programs; and follow-up services to assist in job retention. Intensive services include: comprehensive assessments, development of individual employment plans, group and individual counseling, case management and short-term prevocational services.

In cases where qualified customers receive intensive services, and are still not able to find jobs, they may receive training services, which are directly linked to opportunities in their local area. These services may include occupational skills training, on-the-job training, entrepreneurial training, skill upgrading, job readiness training, and adult education and literacy activities in conjunction with other training.

Youth

Eligible youth will be low-income, ages 14 through 21. Young customers also must face one or more of the following challenges to successful workforce entry: (1) school dropout; (2) basic literacy skills deficiency; (3) homeless, runaway, or foster child; (4) pregnant or a parent; (5) an offender; or (6) need help completing an educational program or securing and holding a job.

At minimum, 30 percent of the local funds must be used to provide activities to out-of-school youth, with an exception for small states that meet certain conditions. Not more than 5 percent of youth participants in a local area may be individuals who do not meet the minimum income criteria if they experience one or more specified barriers to school completion or employment.

Youth programs are required to include an objective assessment of each youth's skill levels and service needs, a service strategy, preparation for postsecondary educational opportunities or unsubsidized employment (as appropriate), strong linkages be-

Implementation Schedule for Workforce Investment Act

(continued from front page)

April 1, 1999	Early states submit plans.
April-June 1999	Review plans; negotiate performance.
April 1999	Begin technical assistance for non-implementing states.
July 1, 1999	Early state implementation and operation; as plans are approved, additional states begin implementation
August 1999	Agency reorganizes/taskforce disbands.
December 31, 1999	Publish Final Regulations.
July 1, 2000	All states implementing Workforce Investment Act/JTPA ends.

Note: Working from July 1, 1999, Implementation Target.

Source: Interstate Conference of Employment Security Agencies, August 1998

tween academic and occupational learning, and effective connections to intermediaries with strong links to the job market and employers.

Programs must also include tutoring, study skills training and instruction leading to completion of secondary school (including dropout prevention); alternative school services; mentoring by appropriate adults; paid and unpaid work experience (such as internships and job shadowing); occupational skills training; leadership development; and appropriate supportive services. Youth participants will also receive guidance and counseling, and follow-up services for at least one year, as appropriate.

In addition, each program must provide summer employment opportunities that are directly linked to academic and occupational learning. But unlike current law, no separate appropriation is authorized for the summer jobs program.

Notes:

1. "Workforce Investment Act of 1998," U.S. Department

of Labor, Employment and Training Administration, September 1998.

2. Ibid.
3. Congress Approves Measure to Revamp Federal Worker-Training Programs, David Wessel, *The Wall Street Journal*, Aug. 3, 1998, p. B8.
4. "A Leg Up For U.S. Workers," *The Washington Post*, David S. Broder, August 5, 1998, p. A19.
5. "Workforce Investment Act of 1998 (H.R. 1385), Summary and Description of Final Compromise," *Legislative*, National Governors' Association, Aug. 5, 1998.
6. Ibid.
7. Ibid.
8. Ibid.
9. Ibid.

In addition to text that was annotated, additional contributions were made to this article from reports by the Interstate Conference of Employment Security Agencies, National Governors' Association, and U.S. Department of Labor, Employment and Training Administration. AET

Construction Lifts State Job Level Slightly Above Norm

The civilian labor force averaged growth of more than 37,000 during the third quarter of 1998, a 1.7 percent increase over second-quarter figures. Arizona's unemployment rate averaged a low 4 percent, down only slightly from the 4.2 percent registered in the second quarter of the '98.

ARIZONA'S WORKFORCE — 3RD QTR. 1998

Third quarter employment figures revealed Arizona's economy fared slightly better than the seasonally expected 10-year average. Nonfarm employment pared 11,700 jobs rather than the 10-year average 12,700.

In general, the goods-producing industries outpaced service-producing industries in job creation. Goods-producing industries added 6,800 jobs in the third quarter, more than 30 percent above the 10-year average (5,200). Construction was the leading goods-producing sector, responding to Arizona's robust population growth.

Service-producing industries, on the other hand, lost 18,500 jobs for the quarter. Overall, this decline was nearly 4 percent greater than the seasonally expected loss for the third quarter. As would be expected, retail trade accounted for most of the losses.

Construction averaged an impressive growth of 5,000 jobs in the third quarter. This was nearly 1,700 jobs greater than the 10-year average, third quarter gain. Jobs surged in '98 in this industry due to record level housing demand, infrastructure construction, and building for new and expanding businesses — all spurred by a low interest rate lending environment.

(continued on back page)

Figure 1

Quarterly and 10-Year Average Quarterly Change in Arizona Major Industry Employment, 3rd Qtr. 1998¹

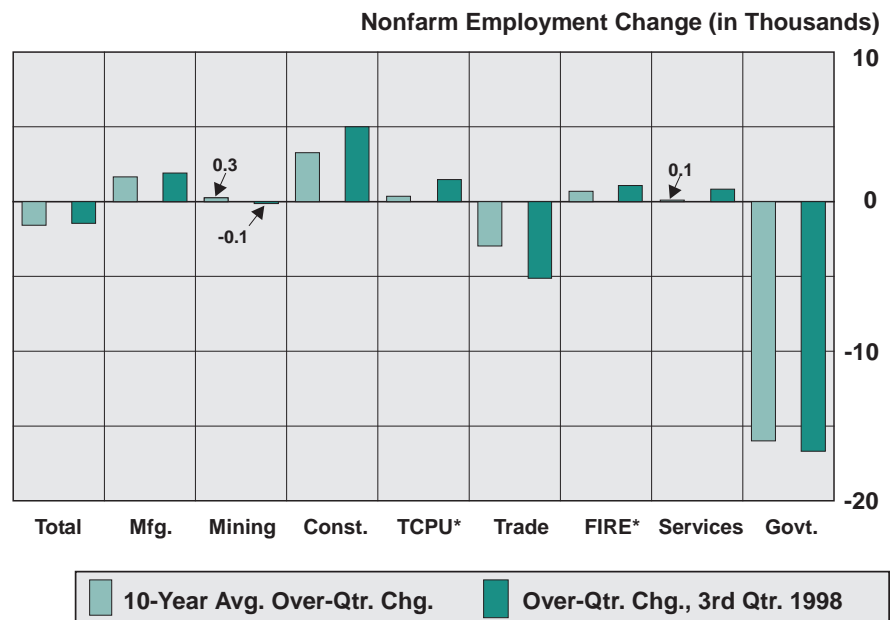
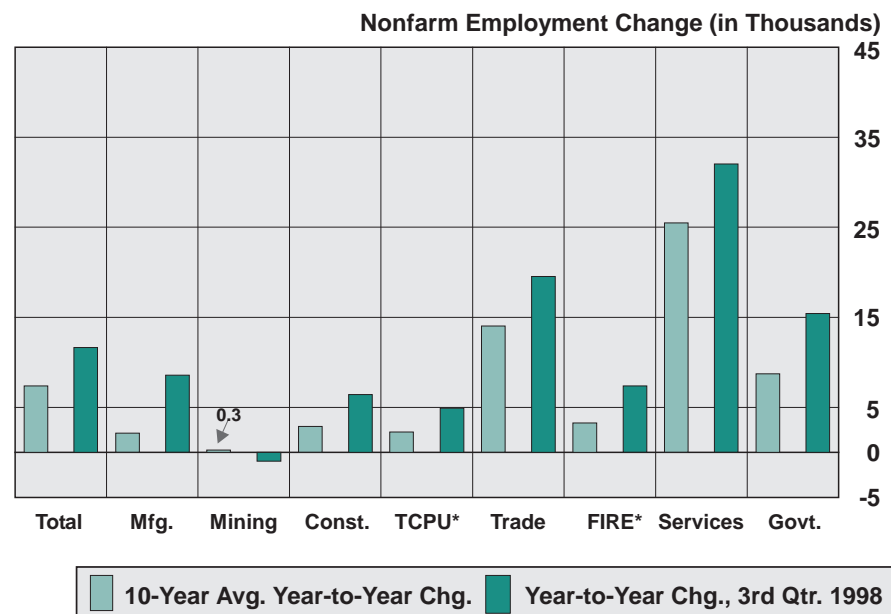


Figure 2

Year-to-Year Change and 10-Year Average Year-to-Year Change in Arizona Major Industry Employment, 3rd Qtr. 1998¹



Note: 1) Quarterly average of monthly data, not seasonally adjusted

Source: Arizona Dept. of Economic Security, Research Administration, November 1998

Table 1

**Arizona Quarterly Nonfarm Employment Data, with Quarterly and Over-the-Year Percentage Change,
3rd Qtr. 1997-3rd Qtr. 1998⁽¹⁾**

(in Thousands)

	97/3	97/4	98/1	98/2	98/3	10-Year Avg. of Qtr. 3 Changes
Civilian Labor Force	2,175.9	2,223.1	2,225.4	2,261.2	2,298.6	
Quarterly Change	1.7%	2.2%	0.1%	1.6%	1.7%	NA
Annual Change	-1.9%	1.6%	4.8%	5.6%	5.6%	NA
Total Employment	2,065.6	2,132.1	2,143.5	2,170.1	2,191.9	
Quarterly Change	1.2%	3.2%	0.5%	1.2%	1.0%	NA
Annual Change	-0.6%	3.0%	6.1%	6.3%	6.1%	NA
Total Nonfarm Payroll Employment	1,955.9	2,033.9	2,042.5	2,060.9	2,049.2	
Quarterly Change	-0.7%	4.0%	0.4%	0.9%	-0.6%	-0.8%
Annual Change	4.2%	4.3%	4.8%	4.6%	4.8%	3.7%
Manufacturing	208.6	211.7	214.3	215.3	217.2	
Quarterly Change	2.0%	1.5%	1.2%	0.5%	0.9%	0.9%
Annual Change	3.6%	4.7%	5.7%	5.2%	4.1%	1.1%
Mining and Quarrying	14.2	14.2	13.8	13.4	13.3	
Quarterly Change	4.4%	-0.2%	-2.6%	-3.1%	-1.0%	1.9%
Annual Change	-0.9%	6.2%	-0.5%	-1.7%	-6.8%	2.2%
Construction	133.2	133.1	131.1	134.7	139.7	
Quarterly Change	2.6%	-0.1%	-1.6%	2.7%	3.7%	3.4%
Annual Change	3.8%	3.4%	4.2%	3.7%	4.8%	2.8%
Transportation, Communications, and Public Utilities	95.0	97.5	96.6	98.4	99.9	
Quarterly Change	-1.3%	2.7%	-1.0%	1.9%	1.5%	0.4%
Annual Change	2.8%	2.7%	3.2%	2.3%	5.2%	2.8%
Finance, Insurance, & Real Estate	127.6	130.1	131.5	133.9	134.9	
Quarterly Change	1.4%	2.0%	1.1%	1.8%	0.8%	0.6%
Annual Change	8.0%	7.9%	7.1%	6.4%	5.8%	3.1%
Trade	474.0	494.8	497.8	498.6	493.5	
Quarterly Change	-0.9%	4.4%	0.6%	0.2%	-1.0%	-0.8%
Annual Change	3.6%	3.5%	4.0%	4.2%	4.1%	3.6%
Services and Miscellaneous	599.5	614.0	620.3	630.7	631.5	
Quarterly Change	0.7%	2.4%	1.0%	1.7%	0.1%	-0.1%
Annual Change	6.4%	5.8%	6.0%	6.0%	5.3%	5.7%
Government	303.8	338.4	337.1	336.0	319.3	
Quarterly Change	-6.9%	11.4%	-0.4%	-0.3%	-5.0%	-5.8%
Annual Change	0.6%	2.1%	3.4%	3.0%	5.1%	3.5%

Notes: 1) Detailed industry data may not add up exactly due to averaging.
NA = Not Available
See Table 3 for Source

Table 2

Phoenix-Mesa Metropolitan Area Quarterly Nonfarm Employment Data, with Quarterly and Over-the-Year Percentage Change, 3rd Qtr. 1997-3rd Qtr. 1998^{(1)(2)(a)}

(in Thousands)

	97/3	97/4	98/1	98/2	98/3	10-Year Avg. of Qtr. 3 Changes
Civilian Labor Force	1,427.6	1,468.4	1,475.4	1,495.5	1,520.5	
Quarterly Change	1.9%	2.9%	0.5%	1.4%	1.7%	NA
Annual Change	-0.6%	2.8%	6.0%	6.7%	6.5%	NA
Total Employment	1,382.8	1,428.5	1,438.9	1,458.5	1,475.4	
Quarterly Change	1.7%	3.3%	0.7%	1.4%	1.2%	NA
Annual Change	0.5%	3.8%	6.9%	7.2%	6.7%	NA
Total Nonfarm Payroll Employment	1,373.4	1,430.0	1,438.8	1,454.5	1,447.6	
Quarterly Change	-0.1%	4.1%	0.6%	1.1%	-0.5%	-0.6%
Annual Change	5.4%	5.3%	5.9%	5.8%	5.4%	4.0%
Manufacturing	162.3	165.1	167.5	168.8	169.7	
Quarterly Change	2.1%	1.7%	1.5%	0.7%	0.6%	0.7%
Annual Change	4.7%	6.2%	6.6%	6.2%	4.6%	1.6%
Mining and Quarrying	6.7	6.7	6.3	6.0	6.0	
Quarterly Change	11.0%	0.0%	-5.5%	-5.3%	0.0%	2.6%
Annual Change	0.0%	15.5%	-2.6%	-0.6%	-10.4%	4.8%
Construction	95.1	95.8	94.8	98.0	101.4	
Quarterly Change	1.9%	0.7%	-1.0%	3.4%	3.4%	3.6%
Annual Change	4.2%	3.9%	4.4%	5.1%	6.7%	3.3%
Transportation, Communications, and Public Utilities	70.0	72.5	72.2	73.7	75.2	
Quarterly Change	-0.1%	3.7%	-0.5%	2.1%	2.0%	1.0%
Annual Change	4.4%	3.8%	5.8%	5.2%	7.4%	3.3%
Finance, Insurance, & Real Estate	107.5	109.9	112.2	114.7	116.0	
Quarterly Change	1.3%	2.3%	2.1%	2.2%	1.2%	0.7%
Annual Change	10.3%	9.6%	8.7%	8.1%	8.0%	3.6%
Trade	333.7	350.2	353.8	354.2	350.0	
Quarterly Change	-0.7%	5.0%	1.0%	0.1%	-1.2%	-0.7%
Annual Change	3.9%	3.8%	5.3%	5.4%	4.9%	3.8%
Services and Miscellaneous	435.9	447.5	452.3	460.1	459.8	
Quarterly Change	0.9%	2.7%	1.1%	1.7%	-0.1%	-0.3%
Annual Change	7.7%	7.0%	7.0%	6.5%	5.5%	6.4%
Government	162.3	182.2	179.7	179.1	169.4	
Quarterly Change	-5.5%	12.3%	-1.4%	-0.4%	-5.4%	-5.5%
Annual Change	1.8%	1.6%	3.3%	4.3%	4.4%	3.1%

Notes: 1) Detailed industry data may not add up exactly due to averaging
 2) The introduction of Pinal County into the Phoenix-Mesa Metropolitan Area has created an inconsistency in the mining employment data beginning in 1990
 a) Phoenix-Mesa Metropolitan Area includes Maricopa and Pinal counties
 NA = Not Available
 See Table 3 for Source

Table 3

Tucson Metropolitan Area Quarterly Nonfarm Employment Data, with Quarterly and Over-the-Year Percentage Change, 3rd Qtr. 1997-3rd Qtr. 1998^{(1)(b)}

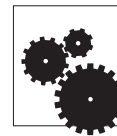
(in Thousands)

	97/3	97/4	98/1	98/2	98/3	10-Year Avg. of Qtr. 3 Changes
Civilian Labor Force	353.8	364.5	366.1	368.5	367.4	
Quarterly Change	-0.7%	3.0%	0.4%	0.6%	-0.3%	NA
Annual Change	-4.1%	0.0%	3.3%	3.4%	3.8%	NA
Total Employment	341.4	353.4	355.9	358.7	356.9	
Quarterly Change	-1.1%	3.5%	0.7%	0.8%	-0.5%	NA
Annual Change	-3.6%	0.8%	4.0%	0.0%	4.5%	NA
Total Nonfarm Payroll Employment	305.8	319.3	321.0	322.7	316.0	
Quarterly Change	-2.8%	4.4%	0.5%	0.5%	-2.1%	-1.8%
Annual Change	1.1%	2.3%	3.1%	2.6%	3.3%	2.4%
Manufacturing	28.3	28.4	28.6	29.2	29.5	
Quarterly Change	0.4%	0.5%	0.6%	2.2%	0.8%	-0.4%
Annual Change	0.2%	0.1%	1.7%	3.7%	4.1%	-0.7%
Mining and Quarrying	2.5	2.4	2.3	2.3	2.3	
Quarterly Change	4.2%	-2.7%	-4.2%	0.0%	0.0%	0.7%
Annual Change	4.2%	9.1%	0.0%	-2.8%	-6.8%	5.1%
Construction	19.8	19.8	20.3	20.7	21.1	
Quarterly Change	3.8%	0.0%	2.5%	1.6%	1.9%	2.5%
Annual Change	2.1%	3.1%	8.9%	8.2%	6.2%	0.2%
Transportation, Communications, and Public Utilities	13.1	13.2	13.0	13.4	13.5	
Quarterly Change	-2.5%	1.0%	-1.3%	2.8%	0.5%	0.3%
Annual Change	-2.7%	-2.7%	-1.0%	0.0%	3.1%	3.6%
Finance, Insurance, & Real Estate	11.9	12.1	12.4	12.5	12.6	
Quarterly Change	1.4%	1.7%	2.5%	1.1%	0.5%	0.3%
Annual Change	-0.3%	3.4%	6.6%	6.8%	5.9%	-0.8%
Trade	67.1	69.7	70.1	69.8	69.3	
Quarterly Change	-1.4%	4.0%	0.5%	-0.4%	-0.8%	-0.8%
Annual Change	2.3%	2.6%	2.6%	2.7%	3.3%	2.1%
Services and Miscellaneous	98.2	100.0	100.7	100.8	100.2	
Quarterly Change	-0.6%	1.9%	0.7%	0.0%	-0.6%	-0.5%
Annual Change	2.5%	2.1%	2.9%	2.0%	2.1%	4.2%
Government	65.0	73.6	73.6	73.9	67.7	
Quarterly Change	-10.9%	13.2%	0.0%	0.5%	-8.5%	-6.9%
Annual Change	-1.2%	3.5%	3.3%	1.3%	4.0%	3.5%

Notes: 1) Detailed industry data may not add up exactly due to averaging
b) Tucson Metropolitan Area includes all of Pima County
NA = Not Available

Source: Arizona Department of Economic Security, Research Administration, and U.S. Bureau of Labor Statistics, November 1998

Industry Update



Phoenix Metro Area

Manufacturing

The expansion of two computer-consulting companies into the Valley is expected to create more than 300 jobs.

Advanced Programming Resources Inc., which specializes in fixing the "Year 2000" bug, is opening a Southwest regional center in Tempe, employing about 300 people. Among the company's clients are American Express, Motorola, and Banc One Corp. Also, about 30 high-paying jobs will be created by the opening of a Phoenix branch of Greenbriar & Russell, an Illinois-based computer-consulting company.

Landis Plastics is building its first manufacturing facility in the West in the west Valley city of Tolleson, creating 100 jobs. The Illinois-based firm makes thin-wall containers for food packaging.

ASM Lithography, a semiconductor supplier, recently signed a \$32-million deal to move its worldwide headquarters to Arizona State University's Research Park in south Tempe. The new structure will house 300 employees.

PK Electronics, a global leader in the backup power system industry, plans to move its primary research and development, manufacturing, and robotic line assembly operation to Scottsdale in 1999.

Positioning itself to better serve West Coast and export customers, pretzel maker **Snyder's of Hanover** is building a \$15 million **bakery and warehouse in Goodyear**. Goodyear is home to Poore Brothers, makers of potato chips; Southwest Specialty Foods, makers of salsa; and Del Monte Fresh Produce, a distributor of bananas and melons.

Hartson-Kennedy, a countertop manufacturing firm based in Marion, Ind., is building a **plant in Glendale** that will initially employ about 60 people, but could support as many as 125 jobs when fully operational.

A partial shutdown of operations ordered by the U.S. Food and Drug Administration caused **Steris Laboratories Inc.** in Phoenix to **lay off half of its workforce of 700** in late September. The FDA accused Steris, a subsidiary of Schein Pharmaceutical of New Jersey, of poor manufacturing practices in six areas, including drug consistency and reporting. The Phoenix operations manufactured more than 100 products, most of which were generic drugs.

AlliedSignal Inc. was expected to **lay off up to 120 employees** at its airplane engine plant in Phoenix in late October. The move, which follows the elimination of nearly 150 jobs in August, is in anticipation of a worldwide economic slowdown. AlliedSignal officials also gave an early warning that layoffs will likely occur at its Aerospace Equipment Systems division in Tempe in the near future.

The move of **Rodel Inc.'s worldwide headquarters** from Delaware to the Valley will increase employment from 40 to 60 at the privately held company's manufacturing plant in Phoenix. Rodel, which makes chemical-mechanical polishing devices for the semiconductor industry, has 800 employees and annual sales of more than \$200 million.

To move production closer to its major markets, **Borden Foods Corp.** will **close its pasta plant** in Tolleson in November, laying off 125 employees. In 1996, the 225,000-square-foot plant 20 miles west of Phoenix had 285 workers.

Mining

Historically low copper prices, when adjusted for inflation, will likely **delay the resumption of operations at the Phelps Dodge copper mine in Ajo**. Originally scheduled to re-open in late 1999, Phelps Dodge was expected to have invested \$238 million in the Ajo mine by the time it opened. Also falling victim to low copper prices (averaging 77 cents a pound for the first three quarters of 1998) was the planned opening of new mining operations in Saford, as well as the laying off of 700 workers at mines in New Mexico and Chile.

Construction

California-based **Standard Pacific Homes** has **entered the Valley home market**, purchasing 600 lots in seven communities across the Phoenix metro area. The former management team for UDC Homes, which was acquired by Shea Homes this summer, will run Standard Pacific's operation in Arizona.

Infrastructure work has begun on a 281-acre industrial and office center in west Tempe that could eventually sport office and warehouse buildings, restaurants, and a hotel worth \$400 million. The **Cotton Center project** will **begin construction of buildings** within four to six months.

Several homebuilders are buying up land in the **last planned residential area of Chandler**. The 15-square-mile area in southeast Chandler is bounded by Arizona Avenue, Ocotillo Road, Hunt Highway, and Val Vista Drive. One of the builders is Maracay Homes of Scottsdale, which paid \$2 million for 46 acres that it plans to turn into a 200-home subdivision.

Possibly spurred by the proposed (but unfunded) Rio Salado Crossing project, an **18-building luxury apartment complex is going up in west Mesa**. Fairfield Residential Inc. will spend \$20 million to construct 340 apartments on the nearly 20-acre site fronting 8th Street just east of the Loop 101 Freeway. Funding to build infrastructure for Rio Salado Crossing — which would include a football stadium for the Arizona Cardinals, along with a convention center, hotels, residential and retail buildings, and open space for a park and bike trails — is expected to be put to a vote next spring.

The **Canadian developer** of the world's two largest malls has announced plans for a **\$200 million urban village in Mesa**. Triple Five Corp., which built Mall of America in Minnesota and West Edmonton Mall in Canada, won approval from the Mesa City Council to develop an open-air shopping, office, and residential complex on 66 acres at Val Vista and Baseline roads. If financing and tenants can be lined up, construction of the Village Square at Dana Ranch will begin within a year.

Finance, Insurance, and Real Estate

Kansas-based **Midland Credit Management** plans to **double employment** at its **east Phoenix call center** by the end of the year, with intentions of eventually employing as many as 2,000 people in the Valley. Currently, the debt-management company employs 250 in a 51,000-square-foot office near Broadway and 44th Street.

Two national financial-services companies are expected to add about 1,500 jobs in Scottsdale over the next few years. **The Vanguard Group**, a mutual funds company, is expected to double its Phoenix-area employment (about 650) when it relocates its corporate headquarters from Valley Forge, Penn., to Scottsdale. And **Green Tree Financial** plans to hire 800 new employees when it moves into its new regional headquarters under construction in the Perimeter Center in northern Scottsdale.

Credit card company First USA Corp., which has 40 million customers, is expected to **hire an additional 400 workers** at its Tempe customer-service center. Acquired by Banc One Corp. of Columbus, Ohio, First USA is on a major expansion program.

Progressive Insurance of Cleveland, the nation's sixth largest auto insurer, will **open a call center in Tempe** that should employ 450 people by the end of 1999.

Services

A Minneapolis-based educational company plans to **build three charter schools** in the Phoenix area, as well as open a regional office in Scottsdale. **Tesseract Group Inc.**, which already has two private schools in the Valley, plans to build one charter school in Glendale, Goodyear, and Mesa. In addition to teaching and administrative jobs expected to be generated by the schools, the regional office will create 60 positions.

Mastering Inc., a computer-training company based in Scottsdale, **expects employment could grow from 400 to 700 within the next year** and peak at 1,000 by the end of 1999. Mastering Inc., which provides organized seminars in Microsoft Windows-based products, will move into 32,000 square feet of a new 110,000-square-foot building at 92nd Street and Mountainview Road.

Trade

A Phoenix-area developer has proposed building a **\$600 million entertainment and shopping center**, including a 20,000-seat ice hockey arena, in **south Scottsdale** to replace the 30-year-old Los Arcos Mall. The 92-acre project on the

southeast corner of McDowell and Scottsdale roads is **expected to create at least 2,000 jobs** when completed in about three years, developer The Ellman Cos. said. Major pieces of the development include a below ground-level arena for the Phoenix Coyotes professional hockey team, a multiplex cinema, supermarket, warehouse-sized home-improvement store, 500-room hotel, 150,000- to 200,000-square-foot convention center, public ice skating rink, outdoor amphitheater, and 10 restaurants. Public financing, in the form of existing sales taxes, would be needed to pull off the project, the developer said. Scottsdale City Council approval would be needed to OK zoning requirements and to allocate sales taxes for the project.

One of the country's largest **distributors of truck and trailer refrigerator equipment** has opened a \$2 million warehouse and distribution center in west Phoenix. **CT Power Inc and Iceberg Rentals**, based in Commerce City, Colo., expects to initially employ 40 people at its facility at 802 S. 70th Ave.

Transportation, Communications, and Public Utilities

Tucson-based **CyraCom International Inc.**, which provides special two-handset telephones and translators for businesses to communicate with its non-English speaking customers, has **opened a division in Phoenix**. The three-year-old company, which provides its service for 176 languages, subcontracts with 5,000 interpreters nationwide.

Tucson Metro Area

Manufacturing

Artisoft Inc., a communications software and hardware developer, is **moving its headquarters from Tucson to Cambridge, Mass.** About three-fifths of its workforce of 135 will move to Cambridge, a suburb of Boston, while about 50 people in the 16-year-old company's communications unit will remain in Tucson.

Strong demand for its Global Express business jets could lead to the **hiring of an additional 200 workers next year at Bombardier Inc.'s plant** next to Tucson International Airport. The Canadian company, which is completing a 128,000-square-foot hangar, is looking at building a similar-size hangar adjacent to it. Bombardier, which bought out Learjet in 1990, is currently filling 200 positions for finishing work on six Challenger business jets and maintenance work on three Global Express jets.

A good sign for future employment, IBM's Storage Systems Division has acquired two acres for future expansion at its 600,000-square-foot facility at the University of Arizona Science and Technology Park. IBM's plant, which has 1,200 employees, has added 100 workers in the past year.

Trade

Three national retailers are upgrading and expanding their presence in the Tucson area. **Toys 'R' Us** is redesigning its two Tucson stores, adding new sections and prod-

ucts, including an area called "Deal World." The move is part of a plan to remodel 200 stores and close 59 others because of sagging profits due to competition from discount stores. ... **Smith's Food & Drug Centers** will close one store on East Speedway and open another up on East Broadway in mid-November. Smith's will relocate 75 workers to the new store, as well as create 25 new jobs. ... The Town Council of **Oro Valley** has approved the building of a **Target** store at the Oro Valley Retail Center. Target expects the store to open in March.

Construction

Several major construction projects are close to getting under way or have recently received city approval. **Venture West Inc.** will begin work this spring on an 11-acre, 120,000-square-foot **office project called Swan Corporate Center**. Up to 35 businesses may be located in two 50,000-square-foot and several small buildings along North Swan Road near the Rillito River. In addition, **Monterey Homes** plans to **build apartments and 118 single-family homes** across the street from the office project. Meanwhile, the Pima County Board of Supervisors voted to recommend that **two parcels of land near Tucson International Airport be zoned for residential use** instead of industrial. If zoning changes are approved by the city, 2,800 homes could be built on two parcels consisting of about 627 acres near South Wilmot and East Old Vail roads, and 222 acres at South Nogales Highway and East Hughes Access Road.

As part of the **2,800-acre Rancho Sahuarita development** 10 miles south of Tucson off Interstate 19, **developer Robert Sharpe** plans to **build 2,000 manufactured homes** priced between \$35,000 and \$60,000. Called Rancho Resort, the 150-acre retirement community will include a recreation center and feature homes from 650 square feet to 1,300 square feet for retirees 55 years and older.

Services

National Information Group has chosen to expand in Tucson, creating about 300 jobs. The company deals in data entry and vehicle insurance tracking.

Transportation, Communications, and Public Utilities

Sprint may hire as many as **150 new workers** early next year as part of Tucson's program to provide telephone access to the deaf.

Balance of State

Manufacturing

Expansion and modernization of **Phelps & Sons' framing plant in Cottonwood** is expected to create an **additional 50 jobs by next January**. Phelps & Sons plans to double the size of its current truss operation, adding a 56,000-square-foot building for an automated framing process. The automated framing system, one of only four in the nation, will

produce raw wall frames for homes at less cost and will cut down on the risk of injuries from on-site frame cutting.

Fox-Galbraith is seeking a use permit to **build a hardware store, lumberyard and truss manufacturing plant** near Pioneer Center in Yuma..

Thermal Control Technologies plans to build a plant in Prescott that will employ 50 people. The Canadian cooling-device manufacturer will locate its 30,000-square-foot facility near the Prescott Municipal Airport.

Construction

The **Kingman City Council** gave approval to **two major housing projects** previously halted by voter referendums. The council approved rezoning 160 acres in the Hualapai foothills for a 491-lot single-family home subdivision. A second project approved by the council, called Hualapai Mountain Ranch Estates II, will allow 126 homes to be built on about 39 acres.

Transportation, Communications, and Public Utilities

A proposed \$225 million gas-fired electric-generating plant moved a step closer to reality when an environmental siting committee from the Arizona Corporation Commission gave its blessing. The **Griffith Energy Plant**, which will be located nine miles south of Kingman near Interstate 40, is expected to spur economic development and provide needed power to Mohave County.

Trade

The need to remove 15,000 cubic yards of contaminated soil will delay the opening of a new 42,000-square-foot **Safeway store in Williams** — but only by two to three weeks. The new store, which will open in March, is going up next to an older and smaller Safeway at 637 W. Route 66, which will be demolished to make way for a parking lot.

Groundbreaking was set to begin in late October on **The Mall at Sierra Vista**. The 355,000-square-foot indoor mall, at Highway 92 and Avenida Cochise, will include Dillards and Sears departments stores, as well as a 12-screen movie theater. It's expected to take a year to complete.

Government

The **Immigration and Naturalization Service** will be adding 190 border guards in Arizona, for a total of 1,242. Of the 190, 140 will be stationed in the "Tucson sector." That sector will now have more border guards than any area except San Diego.

Services

About **80 Flagstaff telemarketing jobs** are being created by **Sturner and Klien Inc.**, but ultimately the firm expects to employ 400. In addition, watch for more call centers to locate outside of Phoenix and Tucson. In the Phoenix metro area these jobs have been commanding around \$10 per hour and several Maricopa County call center employers have been researching a move to lower wage areas of the state. **AET**

Robust Construction Sector Leads Way in 3rd Quarter

(continued from page 9)

Other notable points for the quarter:

- Mining shed 100 jobs in the third quarter. While less than the 400 jobs were lost in the second quarter, further losses are expected in this industry.
- Services added 800 jobs in the third quarter, well above the 10-year average of 100. This industry continued to be bolstered by strong gains in the business services sector, which showed nearly 10 percent third quarter growth over '97.
- Manufacturing grew by 1,900 jobs during the third quarter. Despite some of the effects of the Asian crisis working its way into the economy, this growth represents nearly 19 percent above the 10-year average gain of 1,600.
- The transportation, communications, and public utilities (TCPU) group added 1,500 jobs during the quarter. This represents about four times the 10-year average job gain of 400. Gains in this group were divided between transportation (600) and communications

and public utilities (900).

- The finance, insurance, and real estate (FIRE) group increased 1,000 jobs for the quarter. While slowing, growth is still nearly 60 percent greater than the 10-year average.
- With a loss of 5,100 jobs in the third quarter, trade fell by 1 percent. The loss occurred primarily in retail (-4,900).
- Government showed near expected losses for the quarter by trimming 16,700 jobs. **AET**

—Peter Kozy,
RA Economist



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Research Administrator	Dan Anderson
Managing Editor	Ron Simon
Editor	Brent Fine
Publication Assistant	Yolanda Garcia

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